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2025 expert predictions: The year ahead for wealth management
By Editorial Staff
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Before the election of 2024, it was hard to predict anything about 2025. The two presidential candidates, Donald Trump and Kamala Harris, offered starkly different plans for the future — including for the world of finance.

Now that the votes have been counted and the dust has settled, it's a lot easier to look ahead. Trump will be president, and Republicans will control both houses of Congress. The midterm elections in 2026 may shift the balance of power, but until then, national policy will be firmly in the hands of the GOP. What will that — and other industry issues — mean for wealth management?

To find out, we talked to experts on six topics that matter a great deal to financial advisors and their clients: retirement, taxes, private markets, cryptocurrency, artificial intelligence and the great wealth transfer. And in many cases, those experts see big changes ahead — changes that wealth managers will want to be aware of as they lead their practices into the new year.

Will Congress extend Trump's 2017 tax cuts? Will regulators loosen their grip on crypto? What new frontiers will AI conquer in 2025? And what cuts or alterations, if any, can we expect to Social Security and Medicare?

For answers to all these questions and many others, we turned to some of the sharpest minds in wealth management, fintech and public policy.

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Private markets poised for growth, access
Jed Finn, Morgan Stanley

One of the bets most large wealth managers are now willing to make is that private markets will continue on the upward trajectory they've enjoyed in recent years.

The research and rating firm S&P estimates the total value of assets in private equity, credit, real estate and similar investments will hit $15 trillion next year and will top $18 trillion by 2027. That's up from $7.4 trillion a mere four years ago.

Wealth managers are scrambling to be at the forefront of giving clients access to these often lucrative — but also many times risky, obscure and illiquid — markets. The investment management giants BlackRock and Invesco, for instance, are both seeking to offer exchange-traded funds that make it easier for

investors to put money into private credit, equity and similar vehicles. Regional firms like St. Louis-based Stifel have also been entering into partnerships meant to lower private markets' barriers to entry.

Jed Finn, the head of wealth management at Morgan Stanley, said private investing remains too cumbersome and needs further streamlining. He predicted wealth managers will continue pushing to make private markets have at least some of the conveniences of their public kin.

"With public shares, it's very easy to trade," Finn said. "It's a bilateral agreement between a buyer and seller, and there are [clearinghouses] and there are exchanges."

Private markets, he said, still have a long way to go before they can offer that ease of trading. But client demand for private investments will give wealth managers plenty of reasons to find ways to remove some of these obstacles, Finn said.

"Clients, you know, are used to being able to push a button and say, 'I'm buying this and I'm getting cash in my account,'" he said. "So I think it's really infrastructure, and the operational backbone, that will lead it to be more widespread."

There's also a bit of a chicken-and-egg situation, Finn said. Greater trading in private markets, for one, should make it easier not only for investors to get in but also to pull their money out when they've had enough.

"Once there's more liquidity, more people are going to want to buy into it," he said. "Once more people want to buy into it, there's more liquidity. And it kind of feeds itself." — Dan Shaw

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The political tea leaves for taxes
Kelly Gillette, Armanino Advisory; Anna Taylor and Jonathan Traub, Deloitte Tax

With respect to taxes, the top question for planners and clients next year revolves around the fate of the many expiring provisions of the Tax Cuts and Jobs Act of 2017.

The trifecta of GOP control of the White House and both houses of Congress leaves their outlook much less in doubt beyond their current sunset date at the end of next year. However, the cost of upward of $5 trillion to extend the law and carry out further Trump campaign promises of tax cuts will pose big challenges for the president and his congressional allies.

Lower federal income rates and higher exemptions for estate and gift taxes look like the most likely parts of the bill to get the green light beyond 2025, since they

have received "strong support among high net worth clients and Republican lawmakers," according to industry experts cited by Kelly Gillette, partner at tax, advisory and business consulting firm Armanino Advisory.

"The cap on state and local tax (SALT) deductions, however, may face ongoing debate, though it is more likely to remain intact given the Republican majority," Gillette said in an email. "The pass-through business income deduction is also expected to be extended, aligning with pro-business priorities under a unified Republican government. Advisors should closely monitor these developments, as final outcomes will depend on ongoing congressional negotiations and the political landscape."

In terms of that environment, advisors should expect the GOP to incorporate the collection of Trump's proposed tariffs into their calculation of the deficit impact of any tax legislation and — due to the rules of the Senate reconciliation process — use an even shorter time span for the law's provisions this time around, according to a panel last month with Anna Taylor, the deputy leader, and Jonathan Traub, the leader, of Deloitte Tax's Tax Policy Group.

"You can reduce the cost of the bill in three directions. You can make it shorter. You can make it skinnier by reducing the number of provisions, in effect, reducing the generousness of certain provisions or you could include pay-fors. And I think they're not going to do the second thing. I think that they're not going to skinny down the provisions of TCJA. I think the more likely answer is they're going to shorten the length of the bill," Traub said. "I'm guessing three to five years is more likely than eight years."

He asked Taylor if she has seen any signs that the GOP majority may choose another path.

"I agree that the cost is going to be an inhibitor on the duration here," Taylor said. "So they're going to have to figure out there's some kind of way to make the numbers work and see how many years of policy they can fit into whatever their budget cap is. And we'll just have to wait and see." — Tobias Salinger

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Advisor shortage looms over great wealth transfer
David Chubak, Edward Jones

Call it one of those ironies of fate: More than a third of the advisor workforce is expected to step down in the next 10 years even as the pending great wealth transfer is expected to send demand for advisory services soaring.

Wealth management executives have been eagerly awaiting the long-expected passing down of tens of trillions of dollars from baby boomers and older Americans to younger generations as a rare opportunity to amass hordes of new clients. The only problem is that there may not be enough advisors around to do

all the required work.

The research firm Cerulli has estimated as much as $84 trillion could be handed down. Meanwhile, analysts also at Cerulli predict 109,093 advisors will retire in the next decade — a group managing 41.5% of the industry's assets and making up 37.5% of its headcount.

The points of friction likely to come from this should be obvious to anyone who cares to look, says David Chubak, the head of branch development and the U.S. business unit at Edward Jones. Chubak predicted one of the biggest tasks facing wealth managers in 2025 will be to lay the groundwork to make sure the industry can keep up with the demand for its services once the great wealth transfer gets underway in earnest.

Chubak also noted that there are a perhaps unappreciated large number of small-business owners who will be looking to pass on their firms in coming years. Chubak said Edward Jones is trying to help meet the demand for financial services that all these transfers are likely to stoke by training more than 1,500 fledgling advisors next year.

"We're going to keep hiring and training people because we need to," Chubak said. "But us alone, we can't solve this."

Edward Jones is, of course, trying to fill some of the holes in its own ranks that can't be plugged with trainees by recruiting experienced advisors from other firms. But that, too, has its limits.

Like many others, Chubak predicted technology will play an increasingly large role in ensuring the advisors who remain in the industry can serve an ever greater number of clients.

"Our way of being able to drive transactional work gets a lot faster with new technology, new digital tools, where clients are saying they want to do more of the work themselves," Chubak said. "They want to self-serve. They want to be able to do it on their time and in their own way. And that is creating opportunities for our FAs to serve more clients."

The good news, Chubak said, is that advisors next year will most likely find themselves working with investors whose portfolios are only rising in value. Chubak predicted the stock market will continue pressing upward in 2025, however unlikely the explosive gains of the past two years may have become to sustain.

"It's also a moment where investors are thinking about diversification, or thinking about how they're taking gains, how they're thinking about tax impact, especially if that may change under a new administration," he said. "And so the great thing about all these environments, good and bad, is that they're usually all good for advice, and we'll continue to be serving in the good as well as the bad."

— Dan Shaw

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Crypto creeps toward mainstream as custody evolves
Tyrone Ross, Turnqey Labs and 401 Financial

After President Donald Trump's reelection, the price of bitcoin rocketed toward $100,000 before dropping back toward $90,000 and then shooting above $100,000 for the first time, showing the kind of volatility that some advisors fear. Around the same time, SEC Chair Gary Gensler announced plans to step down; the agency under a Trump administration is expected to loosen crypto and other regulations.

Tyrone Ross, CEO and co-founder of Turnqey Labs and CEO of 401 Financial in San Diego, predicted that these monumental shifts would continue to produce significant tailwinds for digital assets into the new year.

"There's a ton of momentum right now," he said.

Ross compared bitcoin to a mother duck with ducklings — other cryptocurrencies, including ethereum and Solana — following close behind.

"Those coins will start running here at some point … but the mothership moves first," he said.

Ross said he expected crypto ETF inflows to remain impressive.

"We're just getting started there," he said. "There's a lot more value to be unlocked."

Ross said the recent announcement that online brokerage Robinhood Markets would purchase the RIA custodial and portfolio management platform TradePMR was "probably the biggest news to hit either sector in a long time."

"By this time next year it will be really interesting to see what they roll out," he said. "What's going to happen as far as advisors being able to use Robinhood's platform for those that are crypto-curious? What is it going to mean for the existing advisors? Do they stay?"

Ross predicted multi-custodial firms may choose Robinhood or Altruist, not mainstays Fidelity, Schwab or Pershing, down the road.

"We're starting to see the seeds of that," he said. "I think it's going to take beyond next year because there's a little bit of brand risk. I don't know how many traditional advisors want to have Robinhood as their brand. … Our industry is dominated by dinosaurs, but I think younger advisors are going to find that compelling because it's new. It's fresh. They're crypto-friendly." — Rob Burgess

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AI and other tech further reshape wealth management
Rob Pettman, TIFIN

Rob Pettman, chief revenue officer and president at wealth management fintech TIFIN, said artificial intelligence was the hottest topic in technology in 2024, and that doesn't look likely to change as we enter 2025.

After ChatGPT was released in late 2022, Pettman said many in 2023 were filled with curiosity and a sense of exploration about what problems AI could solve. This year, the focus shifted to experimentation.

"As I look across the landscape of wealth enterprises, asset managers and insurance companies, there's a swath of firms out there piloting different initiatives using AI," he said. "As you see the culmination of those pilots, having either proven their commercial value or not, you're going to see the next step happen."

Pettman said he expects to see more broad-based implementation of AI in 2025, "particularly with those firms that have the commensurate amount of confidence to go about expanding and investing further across their ecosystems."

Some real-world examples include companies that help their advisors grow the businesses and others that perform due diligence on alternative assets.

Pettman said he thinks of the emerging uses of AI as being part of a pyramid, with the bottom layer being applications that are much simpler to produce like writing commentary, emails, marketing materials and client meeting notes.

"As you move into next year, there's those next functions up that pyramid, and they get into higher levels of complexity that target some of the more sort of domain-specific elements of wealth management that do have those higher accuracy thresholds and are certainly a lot more complex to navigate," he said. "Those thematically are going to begin to take shape and take hold beyond some of the more basic applications of AI." — Rob Burgess

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Medicare inches toward privatization
Ron Mastrogiovanni, HealthView Services

Throughout the 2024 campaign, Donald Trump repeatedly promised to "fight for and protect" Social Security and Medicare. But that language means different things to different policymakers, and not everyone is convinced the programs will be left alone.

Republicans have long dreamed of nudging these public benefits into the private sector. In 2005, President George W. Bush famously tried and failed to partially privatize Social Security. In 2016, House Speaker Paul Ryan proposed converting Medicare into a form of private insurance.

Now, with control over both the White House and Congress, will the GOP try again in 2025? The answer, according to one expert, is yes and no.

"I believe in Social Security, we won't see anything," said Ron Mastrogiovanni, CEO of the software company HealthView Services, which helps financial advisors project their clients' health care costs. "On the other hand, in Medicare, they're going to try to get some stuff done in 2025."

Why Medicare but not Social Security? Both programs are highly popular with voters and face potential insolvency in the mid-2030s — not soon enough, in Mastrogiovanni's view, to compel Congress to take action.

But there is one key difference. A privatized version of Medicare already exists: Medicare Advantage. This insurance product replaces Parts A and B of the federal program, which cover hospital visits and doctor appointments, respectively. And it's available to the public right now.

So if Republicans are looking to privatize Medicare, they can take a subtle but significant step forward by making Medicare Advantage — not Medicare — the default option for enrollees. In fact, this is exactly what was proposed in Project 2025, a conservative blueprint for Trump's first year back in office.

"I would not be surprised to see that happen," said Mastrogiovanni. "Of all the things that we're talking about in retirement, the one that's most likely for [Trump] to focus on will be Medicare. In other words, what else can we do with Medicare Advantage, increasing that privatization?"

If this change goes through, it will open up an important role for financial advisors. Few retirees know, for example, that Medicare Advantage plans are not accepted by nearly as many doctors and hospitals as original Medicare.

"Very few people have a decent understanding of the Medicare system," Mastrogiovanni said. "And one thing we think is so important is for advisors to get up to speed on Medicare and to help clients choose the best coverage for them." — Nathan Place

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